

# HOUSE BILL REPORT

## HJM 4018

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**As Reported by House Committee On:**  
Technology, Energy & Communications

**Brief Description:** Requesting electricity rates to not be increased.

**Sponsors:** Representatives Sells, Kenney, Dunshee, Haler, Ormsby, Nixon, Linville, Fromhold, Hinkle, Roberts, Flannigan, McCoy, Holmquist, Appleton, Dunn, Morrell, Ericks, Green, Hasegawa, Williams, Blake, Upthegrove, Conway, Chase, Darneille, Takko, Haigh, Skinner, Hankins and Santos.

**Brief History:**

**Committee Activity:**

Technology, Energy & Communications: 2/24/05, 3/1/05 [DPS].

**Brief Summary of Substitute Bill**

- Requests that the President of the United States abandon his proposal to increase the Northwest's electricity rates and that Congress refuse to approve it.

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### HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Morris, Chair; Kilmer, Vice Chair; Crouse, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Ericks, Hudgins, Nixon, P. Sullivan, Sump, Takko and Wallace.

**Staff:** Sarah Dylag (786-7109).

**Background:**

The Bonneville Power Administration (BPA) is a federal agency under the United States Department of Energy. The BPA provides about half the electricity used in the Northwest. The BPA owns and operates more than three-fourths of the region's high-voltage transmission system with over 15,000 miles of line covering 300,000 square miles. The area includes primarily Washington, Oregon, Idaho, and Western Montana and portions of contiguous states. The BPA markets energy and transmission at cost, rather than at market prices.

On February 7, 2005, the President of the United States sent his 2006 budget to the United States Congress. Included in that budget is a proposal that would require the BPA to set rates based on market prices instead of the actual cost of producing electricity.

**Summary of Substitute Bill:**

The Legislature requests that the President abandon the proposal to increase the Northwest's electricity rates until they are equivalent with market rates throughout the country.

The Legislature requests that Congress refuse to approve the shift to market rates.

The Legislature requests that the President abandon the proposal to change the borrowing structure of BPA and that Congress refuse to approve the change.

**Substitute Bill Compared to Original Bill:**

The substitute adds a provision requesting the President to abandon the proposal to change the borrowing structure of BPA and that Congress refuse to approve the change.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Testimony For:** The BPA keeps rates low for ratepayers by providing electricity at cost, but pays money back to the federal treasury at market rates. Proposed increases will take money out the state's economy and impact jobs, businesses, and public budgets. Estimates on job loss related to the President's proposal are high. In addition, the result of the President's proposal is that customer rates will go up. Economic effects on the region will be substantial.

One justification that the President has made for his proposal is that federal taxpayers are subsidizing Northwest ratepayers. Federal taxpayers are not subsidizing Northwest ratepayers. Northwest ratepayers pay full cost and interest paid on debt to the U.S. Treasury is at a market rate. This memorial makes that clear. The President's proposal also proposes to change the borrowing authority of BPA by adding third party transactions. This would lower the borrowing authority of BPA, which would have an effect on expanding the transmission system in the Northwest. A clause should be added to the memorial regarding this issue.

**Testimony Against:** None.

**Persons Testifying:** Representative Sells, prime sponsor; Sean McCliment, Washington Rural Electric Cooperative Association; Al Aldrich, Snohomish County Public Utility District; and Dave Warren, Washington Public Utility Districts Association.

**Persons Signed In To Testify But Not Testifying:** None.